

**ALASKA STATE LEGISLATURE**  
**HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE**

April 1, 2021  
8:01 a.m.

**MEMBERS PRESENT**

Representative Sara Hannan, Co-Chair  
Representative Calvin Schrage, Co-Chair  
Representative Harriet Drummond  
Representative Mike Prax  
Representative Ken McCarty  
Representative Kevin McCabe

**MEMBERS ABSENT**

Representative Josiah Patkotak, Vice Chair

**COMMITTEE CALENDAR**

CONFIRMATION HEARING(S) :

Regulatory Commission of Alaska

Bob Pickett - Anchorage, Alaska  
Keith Kurber II - Fairbanks, Alaska

- CONFIRMATION(S) ADVANCED

HOUSE JOINT RESOLUTION NO. 14

Supporting the passage by the United States Congress of the SAFE Banking Act of 2019, sec. 110606 of the Heroes Act, or similar legislation relating to cannabis-related legitimate businesses' access to financial services.

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 14

SHORT TITLE: RESOLUTION: FED SAFE BANKING ACT/CANNABIS

SPONSOR(S) : REPRESENTATIVE(S) RASMUSSEN

03/05/21	(H)	READ THE FIRST TIME - REFERRALS
03/05/21	(H)	CRA
04/01/21	(H)	CRA AT 8:00 AM BARNES 124

## WITNESS REGISTER

BOB PICKETT, Appointee  
Regulatory Commission of Alaska  
Anchorage, Alaska

**POSITION STATEMENT:** Testified as appointee to the Regulatory Commission of Alaska.

KEITH KURBER  
Appointee, Regulatory Commission of Alaska  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified as appointee to the Regulatory Commission of Alaska.

JIMI CASH  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of the appointment of Keith Kurber to the Regulatory Commission of Alaska.

ALYSSA SAPPENFIELD, Energy Analyst  
Alaska Public Interest Research Group (AKPIRG)  
Anchorage, Alaska

**POSITION STATEMENT:** Expressed concerns regarding the appointment of Keith Kurber to the Regulatory Commission of Alaska.

REPRESENTATIVE RASMUSSEN  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HJR 14.

MICHAEL BRONSTEIN, President  
American Trade Association for Cannabis and Hemp  
Washington, D.C.

**POSITION STATEMENT:** Testified in support of HJR 14.

SCOTT BERGMANN, Staff  
Representative Sara Rasmussen  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sponsor statement to HJR 14 on behalf of Representative Rasmussen, prime sponsor.

LACY WILCOX, President  
Alaska Marijuana Industry Association  
No address provided

**POSITION STATEMENT:** Testified in support of HJR 14.

MICHAEL MARTIN, President  
Alaska Bankers Association  
No address provided

**POSITION STATEMENT:** Testified in support of HJR 14.

JANA WELGZIN, Owner  
JDW Counsel  
No address provided

**POSITION STATEMENT:** Testified in support of HJR 14.

RYAN TUNSETH, Owner  
East Rip Dispensary  
Kenai, Alaska

**POSITION STATEMENT:** Testified in support of HJR 14.

PAUL V. DISDIER, General Manager  
The Fireweed Factory  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of HJR 14.

#### **ACTION NARRATIVE**

[8:01:34 AM](#)

CO-CHAIR SARA HANNAN called the House Community and Regional Affairs Standing Committee meeting to order at 8:01 a.m. Representatives Drummond, McCabe, Schrage, and Hannan were present at the call to order. Representatives Prax and McCarty arrived as the meeting was in progress.

#### **CONFIRMATION HEARING(S): REGULATORY COMMISSION OF ALASKA**

[8:02:26 AM](#)

CO-CHAIR HANNAN announced that the first order of business would be the confirmation hearings on the governor's appointees to the Regulatory Commission of Alaska.

[8:05:05 AM](#)

BOB PICKETT, Appointee, Regulatory Commission of Alaska, testified as appointee to the Regulatory Commission of Alaska (RCA). He noted that he has served as chair of the RCA since March 2008. He offered his educational and work experience available on his resume [included in the committee packet].

[8:07:25 AM](#)

MR. PICKETT, in response to a question from Representative Prax regarding the workload of the RCA, confirmed that the RCA has been busy. He said the legislature has established a strict statutory regime of deadlines. He related that the past year has been challenging with acquisition of the Anchorage Municipal Light and Power Electric Utility assess by Chugach Electric and Harvest BP pipeline transactions. Additionally, Senate Bill 123 was passed last year [during the Thirty-First Alaska State Legislature], which tasked the commission to establish a system of regulations for an electric reliability organization, and focus has been on the railbelt. In response to a follow-up question, he said with passage of the telecom deregulation bill and once regulatory activities related to Senate Bill 123 are complete, the RCA will be "in fairly good shape." He said there have been a tremendous amount of capital expenditures in electric utilities, particularly in the railbelt, but also with natural gas storage on the Kenai Peninsula. He said he does not anticipate anything close to that. He said the idea of Senate Bill 123 was to have an electrical liability organization - yet to be established - oversee systemwide, integrated resource planning.

[8:10:38 AM](#)

MR. PICKETT, in response to a question from Co-Chair Schrage regarding what is required in order to carry out the duties of the RCA commissioner, indicated there are a variety of backgrounds suited to the job, and statute lists several areas of expertise required in order to serve as a commissioner. One area he advised is underemphasized is having experience working in a group setting and making decisions collegially on controversial and technical issues. He said this is his third, six-year term, so he has undergone the confirmation process a number of times and interacted with various governors, thus having experience [with collaboration and compromise].

[8:12:15 AM](#)

MR. PICKETT, in response to a question from Representative McCarty regarding the hours spent by a commissioner, said works between 10.5 and 12.5 hours per day, driven by the work flow. As state employees, the commissioners are paid for 37.5 hours per week, but he rarely sees commissioners work only 37.5 hours. In response to a follow-up question, he confirmed that the RCA has technical staff in the areas of engineering, finances, and

law. He said commissioners must come to conclusions about the information they read, but they do have staff to help them.

8:14:40 AM

REPRESENTATIVE DRUMMOND noted that the position of commissioner on the RCA is a highly paid one quite different from any other boards and commissions.

MR. PICKETT confirmed that is correct. In response to a question from Representative Drummond, he agreed that experience in local government is beneficial to serving on the RCA. He said he has worked with local governments statewide in terms of housing, technical, and infrastructure programs. He related there are local governments that are holders of certificates of public convenience and necessity.

8:16:33 AM

CO-CHAIR HANNAN opened public testimony on the confirmation of Mr. Pickett, governor's appointee to the Alaska Regulatory Commission. After ascertaining that there was no one who wished to testify, she closed public testimony.

CO-CHAIR HANNAN related some of the requisites to serve as commissioner, as found within AS 42.04.020(a), which read as follows:

(a) The commission consists of five commissioners appointed by the governor and confirmed by the legislature in joint session. To qualify for appointment as a commissioner, a person must be a member in good standing of the Alaska Bar Association or have a degree from an accredited college or university with a major in engineering, finance, economics, accounting, business administration, or public administration. Actual experience for a period of five years in the practice of law or in the field of engineering, finance, economics, accounting, business administration, or public administration is equivalent to a degree.

8:18:00 AM

KEITH KURBER II, Appointee, Regulatory Commission of Alaska, gave his biographical information [included in the committee packet]. He stated that serving on the RCA would allow him to

use his training and life experiences to serve the state. He imparted that his experience has prepared him to analyze complex issues and make critical decisions, often under pressure. He opined that being from Fairbanks and having spent time in the Matanuska-Susitna ("Mat-Su") Valley and rural Alaska during his military career would be beneficial in serving on the RCA.

[8:21:14 AM](#)

REPRESENTATIVE MCCABE expressed thanks for Mr. Kurber's service and support for his appointment.

[8:21:48 AM](#)

MR. KURBER, in response to a question from Representative Drummond as to whether he meets the qualifications for commissioner as listed in [previously cited] statute, listed the following as meeting that standard: Bachelor of Science from West Point, to meet the Engineering expectation; and 30 years of military service and 6 years of public safety work, to meet the 5 years of actual experience. He said the curriculum at West Point was very proscribed. At the time he attended, there were no majors; instead, there were concentrations. His transcripts show that out of the 145 credits he earned while at West Point, 75 were in science, engineering, or mathematics. He further noted that during his brigade command experience, he "became aware of the needs of essentially running a small city," in terms of maintenance of sewage and electricity, for example.

[8:26:47 AM](#)

MR. KURBER, in response to a follow-up question from Representative Drummond as to whether Mr. Kurber is willing to move from Fairbanks to Anchorage to serve as commissioner, stated that as has been done by former commissioners, it is his understanding that he could serve from Fairbanks; however, he emphasized that he is willing to do whatever it takes to complete his mission.

[8:29:10 AM](#)

MR. KURBER, in response to a question from Co-Chair Schrage as to what experience he had in regulatory, legal, or engineering matters more recent than 30 years ago, said his most recent experience was as commander at Fort Richardson from 2004-2007, and his last appointment was in 2009. He said as a citizen of Alaska, he is "acutely interested in utility issues," because

Alaska's extreme weather conditions can disrupt power sources. He mentioned calls being dropped for no other reason than being placed in Alaska. He pointed to his experience at West Point as teaching him to have the ability to "speak the language" in terms of being able to interact with subject matter experts with enough understanding to ask pertinent questions and make informed decisions.

[8:32:48 AM](#)

MR. KURBER, in response to a follow-up question, said his interest in utilities to date has been in having enough power to power a base camp in other countries and attending annual meetings of local electric utilities to have at least a base knowledge. He said while he has less experience than some on the RCA, he is no less caring, because he is a resident, who wants to "keep the lights on."

[8:33:59 AM](#)

MR. KURBER, in response to a question from Representative Prax about similarities between Mr. Kurber's role in the military and in the RCA, said he brings to the commission the ability to engage with subject matter experts, ask questions, and make decisions based on the information gained. He talked about the need for collaboration and the rule to work one-on-one with commissioners to avoid creating a quorum. He described a willingness by veteran RCA commissioners to share information while respecting the unique abilities brought by each new commissioner, who may cycle in to serve a six-year term.

[8:36:35 AM](#)

MR. KURBER, in response to a request from Representative McCabe to speak about military commander experience with legal issues and regulations, said typically a battalion commander has responsibility for 300-600 people, while brigade-level commanders oversee up to 5,000. A commander has the responsibility not only for nonjudicial punishment, but also the execution of court martial, which requires engagement in areas of law. He said his primary experience in legal matters has been in purchasing a house, being a commander, working as a public safety officer at the Fairbanks International Airport, and pointing people to the right legal support when he served as a pastor. In response to a follow-up question, he confirmed that regulations and statute have been part of his work, both in military and civilian vocations. He said he attended the Alaska

Police Academy in Sitka, where he took part in an exercise designed to give him an understanding of the Constitution of the State of Alaska. In response to another question from Representative McCabe, he said he started with the RCA on March 1, 2021.

[8:43:06 AM](#)

MR. KURBER, in response to a question from Co-Chair Hannan regarding Mr. Kurber's interest in serving on the RCA, said he was asked to serve on the RCA, and after considering his qualifications and the requirements of the appointment, he thought serving would be make use of his past experience. He emphasized the collaboration among all ranks in the military and expressed that that mirrors his experience on the commission thus far.

[8:46:00 AM](#)

MR. KURBER, in response to a question from Representative McCarty as to concerns that need addressing, echoed the statements of Mr. Pickett that the issue of the regulatory demands of Senate Bill 123 is one of the largest facing the RCA. He also mentioned the utilities for the railbelt area.

[8:48:23 AM](#)

MR. KURBER, in response to a question from Representative Drummond regarding equity of Internet access statewide, said he just became aware of the U.S. Supreme Court's ruling that entities such as the RCA can regulate broadband utilities. He agreed that broadband access is a key issue in Alaska, based on the feedback he has received thus far. He said he imagined there would be interaction between the RCA and the legislature on this issue going forward. He mentioned news about expanding 5G networks along the Parks Highway.

REPRESENTATIVE DRUMMOND said she hopes broadband remains a priority issue for the RCA.

[8:51:52 AM](#)

CO-CHAIR HANNAN opened public testimony on the confirmation of Keith Kurber, governor's appointee to the Alaska Regulatory Commission.

[8:52:02 AM](#)



JIMI CASH, noted that although he is a member of the Fairbanks North Star Borough Assembly, he was speaking on behalf himself in support of Mr. Kurber. He named some of Mr. Kurber's accomplishments listed in the submitted materials, noting that the appointee got his doctorate. He highlighted that Mr. Kurber's time in the military, public safety, and ministry were all spent in service of others. Mr. Cash said Mr. Kurber has the heart for service and a drive to learn, grow, achieve, and meet challenges. He opined that all these attributes make Mr. Kurber a good candidate for commissioner on the RCA.

8:54:24 AM

ALYSSA SAPPENFIELD, Energy Analyst, Alaska Public Interest Research Group (AKPIRG), offered her understanding that AkPIRG is the only nongovernmental entity focused on addressing Alaska's specific consumer interest issues. She said the executive director of AkPIRG serves on the Railbelt Reliability Council Implementation Committee. Ms. Sappenfield expressed concern with the appointment of Mr. Kurber to the RCA. She said Mr. Kurber would be one of only five commissioners, each serving a six-year term. She said, as heard previously, that the qualifications under statute to serve as a commissioner are quite specific, and she opined that "the importance of these appointments cannot be overstated." She said the RCA oversees matters where millions of dollars are at stake and critical issues of regulatory policy arise. She mentioned AkPIRG's role in overseeing the aforementioned utility BP Hilcorp transfer this December and the entity's current work in establishing technical and procedural rules for the state's Electric Reliability Organization, which is tasked with developing and enforcing systemwide electric utility reliability standards and crafting an integrative resource plan that is affordable and accessible for all Alaskans.

MS. SAPPENFIELD indicated that the issues addressed by the RCA involve law, economics, accounting, finance, and engineering and can establish critical legal precedence for legal cases. She continued as follows:

Reaching these decisions often means considering complex and competing interests of the concerned parties in pursuit of outcomes which protect and promote overall public interest. Each decision, which can be appealed to ... state and federal court has to be supported by an evidentiary record and applicable

laws and regulations. These technical qualifications required by statute for RCA commissioners are not just sensible or superfluous; we absolutely need science- and evidence-based regulators.

MS. SAPPENFIELD said Mr. Kurber's testimony before the House Finance Committee on March 30, 2021, exacerbated her original concerns. She opined that Mr. Kurber's qualifications do not meet the statutory requirements for commissioners and are tenuous. She said he has only 31 days of regulatory experience, those being the 31 days he has spent with the RCA. She said that given the complexity of the work of the RCA, the statutory requirements are a minimum.

[8:58:27 AM](#)

CO-CHAIR HANNAN closed public testimony.

[The confirmations of Bob Pickett and Keith Kurber, governor's appointees to the Regulatory Commission of Alaska were advanced.]

[8:58:36 AM](#)

The committee took an at-ease from 8:58 a.m. to 9:01 a.m.

**HJR 14-RESOLUTION: FED SAFE BANKING ACT/CANNABIS**

[9:01:08 AM](#)

CO-CHAIR HANNAN announced that the final order of business would be HOUSE JOINT RESOLUTION NO. 14, Supporting the passage by the United States Congress of the SAFE Banking Act of 2019, sec. 110606 of the Heroes Act, or similar legislation relating to cannabis-related legitimate businesses' access to financial services.

[9:01:43 AM](#)

REPRESENTATIVE RASMUSSEN, Alaska State Legislature, as prime sponsor, presented HJR 14. About a year ago, she related, her husband, who is in the mortgage industry, had commented that owners of cannabis companies cannot qualify for mortgages. She said that seemed odd, since Alaska, with passage of Ballot Measure 2 in 2013, had legalized the recreational use of marijuana. She said she assumed that meant cannabis companies were legitimate businesses. She said HJR 14 was created with

the idea of creating safety measures and more traditional financing options. She said, should HJR 14 pass, Alaska would become the first state in the nation to put forward "a resolution for safe banking."

[9:04:07 AM](#)

MICHAEL BRONSTEIN, President, American Trade Association for Cannabis and Hemp, expressed that the matter addressed by HJR 14 is urgent and important; it is not [only] about industry accommodation but about public health and safety and the people working in the industry. Currently, 40 percent of the population lives in a state that has legalized adult use of cannabis, not including medical marijuana use. He said there are approximately 300,000 employees that work in the industry. He explained that under federal law, cannabis businesses are not allowed to bank. Keeping money in banks allows it to be traced, which is why there is broad and bi-partisan support for "safe banking," including a letter from Alaska's attorney general to U.S. Congress.

[9:06:39 AM](#)

MR. BRONSTEIN mentioned the "Safe Banking Act," which he said would "prohibit penalizing or prohibiting a financial institution from providing services to a legitimately sanctioned and regulated businesses" or "an associated cannabis business." He said most concerning is that employees of the cannabis industry are being denied mortgages and loans, which threatens "the economic integrity and the individual ability of workers" in the industry. He said there are ramifications well beyond the industry in terms of having to do payroll on a cash basis. He opined that Alaska's leadership on this issue is important nationally. He said this is a simple issue and is separate from the issue of whether or not cannabis should be legal. This is about providing safe banking services. He concluded his testimony by stating full support for HJR 14.

[9:11:36 AM](#)

REPRESENTATIVE MCCARTY said this reminds him of Elliot Ness, who was with the U.S. Treasury and was focused on the issue of Al Capone and unaccounted for money during the prohibition. He suggested the federal government was Al Capone in the current situation and "we're trying to rectify the situation," and he asked Mr. Bronstein if that was an accurate summation of the situation.

MR. BRONSTEIN replied that the [federal] government "has a lot that they can do on this" and knows that there is "congressional relief." He said the cannabis industry pays taxes, just like other businesses, and it wants to be treated like other businesses. Not having access to banking is not tenable. He opined that having broad-based statewide support [for HJR 14] will help point the federal government in the right direction. In response to Representative McCarty, he explained that HJR 14 would send a strong message to Congress. He agreed that "we will be waiting on Congress," but expressed his hope that it would not be much longer.

REPRESENTATIVE MCCARTY noted that he has constituents and friends in the industry who say they are legally sending money out of the country to banks to secure the money. He acknowledged that those employees in the industry are not being acknowledged for home loans, for example, because there is not a payroll that is recognized. He said, "I appreciate the efforts here."

[9:16:12 AM](#)

REPRESENTATIVE PRAX surmised that "the nuts of the issue" is whether legalizing cannabis has been detrimental to society. He proffered that if so, "I guess we wouldn't want to make operating the business easier"; if not, then "we're driving the business back underground if we're not recognizing the income ...." He asked Mr. Bronstein if he had heard of any detrimental effects resulting from the legalization of cannabis.

[9:17:35 AM](#)

The committee took an at-ease from 9:17 a.m. to 9:18 a.m.

[9:18:11 AM](#)

REPRESENTATIVE RASMUSSEN said 37 states have legalized medical and/or recreational use of cannabis, and 53 percent of those who voted Ballot Measure 2 supported legalizing recreational use in of cannabis in Alaska. She concluded, "So, this issue is basically just to address the safety for employees and owners and, honestly, any support businesses for the industry. People are dealing with tens of thousands to hundreds of thousands of dollars in cash." She noted that there are only two drop-off points in the state where it is possible to "put the money toward taxes."

[9:19:38 AM](#)

REPRESENTATIVE PRAX, in response to Co-Chair Hannan, offered his understanding that the question of the federal government is whether cannabis is detrimental to society. He indicated that since 37 states have said it is not detrimental then there is no argument; therefore, restricting business by not allowing those in the cannabis industry into the banking system makes no sense.

[9:20:36 AM](#)

CO-CHAIR HANNAN noted that Mr. Bronstein had a previous commitment and was no longer available for questions.

[9:21:16 AM](#)

The committee took an at-ease from 9:21 a.m. to 9:23 a.m.

[9:23:12 AM](#)

SCOTT BERGMANN, Staff, Representative Sara Rasmussen, on behalf of Representative Rasmussen, prime sponsor of HJR 14, paraphrased the sponsor statement, which read as follows:

Since 1996, 33 states comprising 68 percent of the nation's population have legalized cannabis for medical or adult use. Despite this ever-growing voter preference, current federal law continues to prevent banks from offering products and services to these businesses without fear of federal sanctions. Leaving the cannabis industry without access to banks presents serious public safety, revenue administration, and legal compliance concerns.

Access to licensed and reputable financial services is important for the following reasons:

- A high level of cash handling in the cannabis industry puts consumers, businesses, and public authorities at increased risk of contracting the coronavirus.
- Criminals and unscrupulous individuals are attracted to cash heavy businesses; access to banking services would reduce criminal activity in the industry and deter opportunistic lending and investment.

- Reduced hours and drive-through only deposit options (due to COVID-19) at banks create an undue burden on industry workers who are paid in cash.
- Inspections and audits by regulators, tax collectors, and state and federal agencies would be streamlined.
- Service providers that work with the legal cannabis industry would be protected from being charged with financial crimes.

House Joint Resolution 14 urges the Federal Government to pass SAFE Banking Act of 2019, sec. 110606 of the Heroes Act, or similar legislation that would provide a safe harbor for depository institutions that provide financial products or services to legal cannabis-related businesses or service providers in states that have implemented laws and regulations legalizing cannabis for medical or adult use.

[9:25:04 AM](#)

REPRESENTATIVE DRUMMOND remarked that alcohol has been more of a problem in her district than cannabis has. She said the taxes paid on alcohol in Alaska do not even begin to cover related social ills and crime. She then talked about a cannabis testing company in Fairbanks having to move to another city because the Wells Fargo business in the same building threatened to call its mortgage.

[9:29:50 AM](#)

REPRESENTATIVE MCCABE commented that "the genie's out of the bottle" as far as the legalization of marijuana in Alaska; now the legislature needs to fix the banking issue. He noted the significant cross section of those in support of HJR 14 - not just political parties, but in age groups - and he encouraged taking action to address anything that impedes business.

[9:31:19 AM](#)

REPRESENTATIVE RASMUSSEN noted that the co-sponsorship is evenly divided among parties.

[9:32:14 AM](#)

LACY WILCOX, President, Alaska Marijuana Industry Association, testified in support of HJR 14. She said a resolution in

support of the Safe Banking Act sends a message that the Alaska State Legislature cares about public health and safety. She said regardless of how members may feel about legalized cannabis in Alaska, "access to financial services is paramount in protecting Alaskans from the risks associated with large volumes of cash" and is a tool for law enforcement, tax collectors, regulators, and auditors "to identify less-than-honorable industry participants."

MS. WILCOX reported that currently there are over 400 business entities in Alaska's cannabis industry; those entities represent over 500 cannabis licenses, thousands of shareholders, investors, and about 10,000 employees. Those employees are finding obstacles when attempting to buy a house or car, take out a loan to further their education, or apply for most any other financial service. She pointed out that many ancillary services, such as general contractors, plumbers, electricians, utility companies, and supply vendors have found it difficult to work with the industry because often large payments for buildout services have to be creatively converted to money orders to not put in jeopardy the financial situation of those ancillary services. Mr. Wilcox said some businesses in the industry would like to expand or offer health benefits and retirement programs to their staff, but cannot do so without access to financial services.

MS. WILCOX imparted a message she has heard repeatedly from those who work in financial services that they would love to bank the cannabis industry's money and offer merchant services, "but the risks associated to them personally change what reality allows." She said the Safe Banking Act would provide assurances to them and relief from criminal liability. The Act seeks to provide safe harbor to get cash off the streets and "safely into the vault."

9:35:31 AM

REPRESENTATIVE DRUMMOND asked Ms. Wilcox if she is aware of any criminal activity resulting from the presence of large amounts of cash.

MS. WILCOX answered yes, several people in the industry have been held up while on the way to the tax office or to their cars. She said luckily camera surveillance is required, so it makes it easier to prosecute; however, she said it should not happen in the first place. In response to a follow-up question, she said originally Juneau was planning to offer a cash drop-off

point but reconsidered because of safety concerns. She offered her understanding that a cash depository in an Anchorage parking garage is the only one of which she is aware. In response to another question, she offered more details about getting money orders to send via certified mail. A person may do that from his/her personal account, but many have had their personal accounts closed by the bank.

[9:40:36 AM](#)

MICHAEL MARTIN, President, Alaska Bankers Association, stated that he is also the chief operating officer and general counsel for Northrim Bank. He said the Alaska Bankers Association (ABA) represents seven banks with operations in Alaska. He said the seven banks include four state banks and three national banks that are chartered by the federal Office of the Comptroller of the Currency. He said ABA and all its member banks support HJR 14, urging the federal government to adopt the Safe Banking Act to provide a safe harbor for depository institutions that provide financial products and services to legal cannabis-related businesses. He noted that ABA does not and has never taken a position on the legalization of cannabis; however, all the banks are committed to serve the financial needs of consumers, businesses, and communities of Alaska.

MR. MARTIN said all banks are subject to federal law, and cannabis remains illegal under federal law. Currently banks face substantial risk if they offer services and products to cannabis-related businesses, including extreme federal regulatory scrutiny under the current regime, loss to access of critical payment systems, and the loss of charters from federal regulators, which affects the banks' abilities to conduct business with the rest of their customers. He said the Safe Banking Act is "a bank-specific solution that enables banks to serve cannabis-related businesses." He stated, "The Alaska Bankers Association and I definitely appreciate your leadership in bringing forward a resolution."

[9:43:31 AM](#)

MR. MARTIN noted that cannabis-related businesses cannot: open and maintain deposit accounts; engage in electronic transactions with banks, including tax payments; and cannot obtain loans. A cannabis-related business cannot be in the same property as a financial institution. He said that is what causes "substantially regulated businesses" to deal in cash and find money orders to operate outside the traditional banking system.



He further noted that the American Banking Association supports the Safe Banking Act and submitted a letter to Congress on March 17, 2021, signed by the president of the association.

9:46:24 AM

JANA WELGZIN, Owner, JDW Counsel, said her law firm represents over 200 licensed cannabis businesses. She said the industry has generated over 7,000 jobs in Alaska and is 100 percent Alaska-owned. She hears about her clients keeping large amounts of money in their homes, which concerns her. She echoed the comments about people in the industry having to pay everything in cash. She said these businesses create a lot of revenue in Alaska. She said Alaska needs to show the federal government that it supports safe banking and give the tools needed to do it.

9:50:31 AM

RYAN TUNSETH, Owner, East Rip Dispensary, stated that it is okay to admit when a mistake has been made, and he related that idea to the war on drugs and ideology surrounding cannabis. He said a detrimental effect of the industry has been that only those with enough money could get into it. He said while he has been able to figure out loopholes, there is a need for visibility of money rather than having it under people's mattresses. He talked about safety and the ability to audit, for people to have the ability to get credit and grow their businesses.

9:55:33 AM

PAUL V. DISDIER, General Manager, The Fireweed Factory, stated that one of the most worrisome issues is the accountability of the money. He said even with a good accountant it is still not possible to keep accurate accounting like is possible with a bank account. He emphasized the danger of carrying large amounts of money. He said all four members of his family have had their bank accounts closed; his employees must be cautious about how they use their bank accounts for fear they will lose them. Mr. Disdier said he cannot get loans from banks, and employees in the industry oftentimes do not have the ability to get loans. He expressed the difficulty in getting a location for a business. Most warehouses require a mortgage. He stated that the Internal Revenue Service "electronically required 941 employee withholding," and he said that "everyone in this business has to figure some workaround about that."

9:59:55 AM

REPRESENTATIVE RASMUSSEN expressed appreciation that most of the committee members had signed on to HJR 14 as cosponsors.

[HJR 14 was held over.]

10:00:07 AM

**ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 10:00 a.m.